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Written Testimony
United States House of Representatives
Committee on Small Business

May 20th, 2009

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Madam Chairwoman Velazquez, Ranking Member Graves and members of the committee. I am Stephen Reister, one of the owners of Steel-T Heating and Air Conditioning. We are located in Englewood, Colorado, employing 41 fantastic employees. I am testifying today on behalf of my company and the great people who work so hard to make it the success it is today.

Company History

My father purchased Steel-T Heating from his partners in 1989 amidst a nation wide recession that had many similarities to the one we are in the midst of today. When he let people know of his plans, most of his friends counted him out and assumed bankruptcy and failure would soon follow. Many major changes quickly took place in the daily operation. He reduced his own salary and gave raises to the 20+ employees who had not received a raise in more than two years from the previous controlling partners. He started the first 401-K plan in Colorado for our industry, giving every employee another small raise to get them started and achieving 100% employee enrollment. He added paid vacation, forcing our competitors to follow suit in an attempt to keep up. He put people first and knew that happy employees produce happy customers. Happy customers in turn will tell their friends and success will follow.

Some people were surprised to see how much faith he put in those working in the business. Many owners saw it as both foolish and risky. Counting on yourself in their mind was the only way to get the job done right and ensure that you have control of your success. My father's ideology was very

different. His goal was and is to help as many people associated with our business achieve all they can in life and the rest will take care of itself.

Current Company: Our Response to the Economy

It is now 20 years later and the principals our father instilled in my brother Chris and I all those years ago, are paying off. He made us earn the respect of our employees by learning the business from them. We worked side by side with them in the field and became proficient in all aspects of installation and repair before we would ever see the financials. We have been running the day to day operations of the company for the past 5 years. We currently have 41 employees down from where we were a few years ago at over 100. However, we still have the best and the brightest. Many of our employees have been with us since the beginning, and many have retired as part of the Steel-T family. Our goal is that our employees will all retire at Steel-T and have more money a month in retirement through the 401-K plan than the competitive wages they made working on a daily basis.

We have 26 American made Ford trucks currently on the road servicing our active customers. Our goal would be continue expanded advertising campaigns and add to our fleet servicing an even larger customer base this year. Our company breaks down into three different areas. We do 70% new construction which has been hit hard by the current economic downturn, 12% commercial and 18% replacement and add on service repair. We are currently growing the commercial and service divisions to help offset new construction woes.

We are down from revenues of over 12 Million in 2006 and are working to diligently to hit about half of that in 2009. This fall off number may seem grim but, we have a plan to get past this downturn. We have decided as a team that we are not going to participate in the recession. We have 20 competitors that have closed their doors this year and we have decided not to be one of them.

What Will Keep Us Successful?

We have the best partners and products in the industry. A stable 50,000 unit furnace replacement market still exists in the Denver Metro Area. We are the leader in the industry installing more ozone friendly 2010 compliant air conditioners and 90%+ efficient furnaces than the national average. We have no bank loans for the company and use no lines of credit. We own our building, our vehicles and pay our vendors net 10 in cash. By operating on our own capital we do not have to be concerned about the bank calling a note or renegotiating our terms. We have continued to reinvest in what we believe in most, our company and the people who keep it going.

My brother and I often questioned my father's reasons for approaching business in this manner as banks and government agencies gave incentives to refinance and disproportionately increased lines of credits for nothing down as markets soared all around the world. My father held steadfast in his approach; now my brother and I follow in his footsteps even if our education was a bit slow. His leadership, as we now see, has placed us in a position to ride out the storm.

How Can the Federal Government Help Our Industry and Small Business?

Small Business is the backbone of the economy and the country. We need the government to give incentives and tax breaks to small businesses that are debt free and helping drive the economy. Give us an incentive to buy new vehicles for our companies by allowing us to fully depreciate them over two years. This will encourage us to buy sooner. These newer vehicles leave a much smaller carbon footprint verses the ones many of my competitors are currently running into the ground. Offer Safety Tax Credits when we purchase new manufacturing equipment that helps speed production and reduces the risk of injury to employees. Give us automatic tax incentives for industry technical education through major qualifying manufactures. As we pay to better our employees and educate them, enable us to keep more money and reinvest it, to help grow our business and the economy.

Our current federal tax rate is extremely high and we have not seen the loop holes that many people speak about businesses taking advantage of in the Federal Tax Code. We have health care and pay a great portion of it for our employees. Help us keep cost down by limiting the paperwork that is required by insurance companies from both the insured and the doctor's office. This will reduce cost by speeding the payment of claims and reduce overhead for the insurance company and the doctor's offices. Small Business can create software to reduce paperwork and increase productivity. This will help lower premiums and increase the time doctors can spend with our employees, keeping them well and at work.

This nation will persevere through this current challenge as we have for more than 200 years. We are a nation of believers in God and of the innate goodness that dwells in its citizens. This is the greatest nation on earth; our entrepreneurs will continue to put themselves at risk to reach the American dream. The dream pursued by our forefathers and offered in our Constitution for those willing to sacrifice to achieve it. This body of the Congress and the current Obama Administration should embrace those entrepreneurs and reward them for their risk and willingness to employ and grow a nation through small business ventures.

Thank you Madam Chairwoman Velazquez, Ranking Member Graves and members of the committee for your time and willingness to hear my testimony today.